



MASSACHUSETTS
TECHNOLOGY
COLLABORATIVE

Massachusetts Green Power Partnership

Solicitation No. 2003-GP-01
May 19, 2003

**Massachusetts Technology Collaborative
Renewable Energy Trust
75 North Drive
Westborough, MA 01581-3340
<http://www.masstech.org>**

Solicitation Manager: Nils Bolgen
Bidders' Conference: June 18, 2003
Notice of Intent to Bid Due: June 23, 2003
Questions Due: June 30, 2003
Responses to Questions Due: July 23, 2003
Proposals Due: September 10, 2003

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Massachusetts Green Power Partnership

Solicitation No. 2003-GP-01

Section 1 Introduction and Overview

1.1 The Solicitation

The Massachusetts Technology Collaborative (“MTC”), as administrator of the Renewable Energy Trust (“RET”), is offering to purchase renewable energy certificates (“RECs”) and to provide other REC market price risk hedging products to developers of eligible renewable energy generation projects (“Eligible Facilities”) and to companies that purchase energy, capability and/or RECs from Eligible Facilities (“Purchasers from Eligible Facilities” or “Purchasers”). The purpose of these offerings is to help facilitate the financing and construction of new renewable energy supplies that can be used to benefit Massachusetts consumers who provide the funding for RET.

Specifically, the products being offered are identified below:

- Agreements to purchase RECs from Eligible Facilities
- Put options on RECs from Eligible Facilities which serve to provide floor prices
- Put and call options (“Price Collars”) on RECs from Eligible Facilities

These products (the “Products”) are described in detail in Section 1.6 of this Solicitation.

By this Solicitation, MTC is seeking Proposals through an open, competitive process from developers of Eligible Facilities (“Generators”) and Purchasers with respect to the Products. MTC will evaluate and select Proposals that MTC deems, in its sole discretion, to represent the most viable and economic Proposals that foster MTC objectives, consistent with the Proposal Content Requirements and evaluation criteria set forth in this Solicitation, and that minimize exposure and maximize value to MTC. A key MTC objective is to encourage the entry into long-term contracts by Generators and Purchasers for RECs, either in conjunction with electric power or separately, from Eligible Facilities to facilitate the financing of new cost-effective renewable energy projects that will commence commercial operation no later than December 31, 2005. MTC’s goal, in this and in future solicitations, is to use its funds to encourage a more active and vibrant market for renewable energy that will support construction of new projects, to leverage the commercial support from existing market participants and to attract new market participants.

MTC is planning at least one additional such solicitation in 2004.

1.2 Background and Objectives of the Solicitation

With limited exceptions, developers of renewable energy projects in New England have not been able to obtain long-term contracts for the sale of energy, capability and ancillary services (hereinafter, "Commodity Energy") and RECs in order to finance their projects. Potential purchasers, such as wholesale and retail power marketers, have generally been unwilling to enter into long-term purchase contracts, especially for RECs, absent a vehicle to hedge their market price risk. The purpose of this Solicitation is to provide a vehicle for the Generator, the Purchaser or both to obtain a degree of market price risk protection for RECs with respect to an Eligible Facility, and, therefore, to incentivize these parties to enter into long-term contracts for Commodity Energy and RECs that, with the limited MTC support described herein, would permit a project to be financed.

It is the objective of MTC to encourage development of the maximum amount of eligible renewable resources in the near term with the least cost to MTC and the least impact on MTC's ability to use RET funds for other purposes. At the same time, MTC is willing to offer the Products and to provide commercially acceptable credit support behind its obligations undertaken in furtherance of the goal of facilitating the development, financing, and construction of new renewable energy supplies. MTC will make available to potential Proposers standard contracts relative to the Products as well as a form of escrow agreement in support of MTC's obligations pursuant to the schedule set forth in Section 2.1 of this Solicitation.

Since the funding for this program is provided by Massachusetts electric consumers through a surcharge on their electric bills, MTC requires a commitment commensurate with MTC's financial support for Eligible Facilities that RECs produced by these projects will be sold or otherwise utilized to serve the Massachusetts customers that provide the funding for this program, whether through voluntary green power sales or to achieve compliance with the Massachusetts Renewable Portfolio Standard ("RPS"). Any purchases of RECs by MTC are deemed to fulfill this requirement. This "RET Ratepayer Benefit Requirement" is addressed in detail in Section 1.8 of this Solicitation.

MTC is most interested in Proposals with respect to Eligible Facilities that: (1) other than the support sought in this Solicitation, require no other financial support from MTC; (2) are most likely to be successfully developed, permitted, financed and constructed by December 31, 2005; (3) allow for the maximum leveraging of available MTC funds with commercial commitments from private parties to facilitate financing of new renewable energy supplies; and (4) are structured to facilitate MTC's ability to assign its contractual rights and obligations to creditworthy third parties under pre-approved conditions, thereby allowing MTC to reuse RET funds to support the financing of other renewable energy projects. Any assignee of MTC (or a guarantor of an assignee) will be required to have a credit rating of BBB or better from Standard & Poor's and Baa2 or better from Moody's (or either if the assignee is rated by only one rating agency) or be approved by

the Proposer, as more specifically defined in the standard contracts that MTC will make available to potential Proposers.

MTC will require security from successful Proposers relative to their contractual obligations. For the period prior to commercial operation, MTC will, as is described further in the Proposal Form included as Form C in Appendix A to this Solicitation and as will be set forth in the standard contracts to be made available to potential Proposers pursuant to the schedule set forth in Section 2.1 of this Solicitation, require that security be posted upon entry into a contract with MTC or, alternatively, be posted at the time of any request to extend a milestone (extension of multiple milestones will require higher amounts of security). Any pre-commercial operation security will be returned to the Proposer upon timely commercial operation of the Eligible Facility. If the Proposer is a Generator, MTC will also require a senior lien on the portion of the RECs produced by the Eligible Facility subject to purchase by MTC under a product to secure the successful Proposer's performance of its contractual obligations. If the Proposer is a Non-Generator Proposer, MTC will also require a collateral assignment of the Proposer's contract to purchase RECs from the Generator (or the portion thereof corresponding to the term of MTC's contract) and an acknowledgement and recognition agreement from the Generator as to MTC's rights under such assignment.

Finally, MTC prefers but does not require a guarantee from a creditworthy entity or other credit support in connection with a Proposer's obligations following commercial operation of the Eligible Facility.

1.3 Eligible Proposals

MTC will accept Proposals submitted and received pursuant to the requirements outlined in this Solicitation. To be eligible, a proposal must conform to the requirements listed in this Solicitation.

1.4 Eligible Proposers

An eligible Proposer can be either a (1) a Generator or (2) a Purchaser. A Purchaser must have, or plan to have, a contractual relationship to purchase Commodity Energy and/or RECs from a Generator. The Proposer would be the counter party to a contract with MTC with respect to one or more Products.

If the Proposer is a Purchaser, the Generator must be a co-proposer with regard to the same Eligible Facility. In cases where a Generator proposes to be the sole counter party to a contract with MTC, the Generator will be the sole Proposer with respect to an Eligible Facility.

A Proposer may be a corporation, a general or limited partnership, a limited liability company, a non-profit organization or a governmental entity.

1.5 Eligible Facilities

An Eligible Facility must meet the following criteria:

- i. An Eligible Facility must be (a) (1) a New Renewable Generating Unit as defined by RPS regulations (see paragraph (ii) below), or (2) a Qualifying Hydroelectric Facility defined in paragraph (iii) below, and (b) either (1) new (not yet been built as of the time of this Solicitation) or (2) a new capacity expansion to an existing generating facility.
- ii. A New Renewable Generation Unit must meet the requirements of 225 CMR 14.05 and 225 CMR 14.06. The Eligible Facility must use one or more of the fuels, energy resources, and/or technologies listed below:
 - a. Solar photovoltaic or solar thermal electric energy;
 - b. Wind energy;
 - c. Ocean thermal, wave or tidal energy;
 - d. Fuel cells using an "Eligible Renewable Fuel," as defined in 225 CMR 14.02;
 - e. Landfill methane gas or anaerobic digester gas, provided such gas is collected and conveyed directly to the Eligible Facility without use of facilities used as common carriers of natural gas; or
 - f. Low-emission advanced power conversion technologies using "Eligible Biomass Fuel," as provide for in 225 CMR 14.05(1)(a)6.

RPS-compliant Eligible Facilities must be located within the ISO-New England Control Area (as defined in 225 CMR 14.02) or if located outside the ISO-New England Control Area must meet the requirements of 225 CMR 14.05(5). The Owner of an-RPS compliant Eligible Facility must obtain designation of the Eligible Facility as a New Renewable Generation Unit pursuant to 225 CMR 14.06.
- iii. A Qualifying Hydroelectric Facility must be a new or expanded hydroelectric facility located in New England (a) for which no new dam will be built, and (b) which will produce NEPOOL Generation Information System ("GIS") certificates.
- iv. The proposed Eligible Facility must not be in construction or in operation (except with respect to the existing portion of a facility with a proposed capacity addition). In addition, the Eligible Facility must not already have entered into contracts for the sale of Commodity Energy and RECs sufficient to support financing of the facility, absent assistance from MTC. A Proposer that is required to commence construction of a project before the Solicitation process is completed may seek an exception to this requirement for good cause.

1.6 Products Offered

As indicated previously, MTC will offer agreements to purchase RECs, put options with or without “put back” options and Price Collars (already defined as “Products”). There are three types of Products that Proposers may bid to MTC:

1. A bilateral forward contract, under which MTC would have the right and obligation to purchase, and the Proposer would have the right and obligation to sell, RECs from an Eligible Facility at a set per-unit price (a “REC Purchase Contract”).
2. A put option contract (an “Option Contract”), under which the Proposer, in consideration for its payment or obligation to pay one or more option premiums, would have the right, but not the obligation, to sell RECs from an Eligible Facility to MTC (a “Put Option”) at a set per-unit price (the “Strike Price”). A variant of an Option Contract would include a “put back” feature (a “Put-Back Option Contract”) which would allow MTC, if a Put Option is exercised, to put the RECs back to the Proposer at a set per-unit price that is lower than the Put Option Strike Price.
3. A “Price Collar Contract”, under which MTC sells a Put Option to the Proposer in exchange for the Proposer providing MTC the right, but not the obligation, to purchase RECs from the Proposer at a set per-unit price that is higher than the Put Option Strike Price (a “Call Option”); no premiums would be paid by either party under a Price Collar Contract.

All purchases and sales of RECs under agreements with MTC for a Product (“Product Agreements”) will be on a unit-contingent basis (*i.e.*, the seller’s rights to sell, and MTC’s rights to purchase, RECs only pertain to MWh that are actually generated). No payments will be made under this Solicitation with respect to any Eligible Facility that has not achieved commercial operation.

With regard to Option Contracts, Put-Back Option Contracts, and Price Collar Contracts (“REC Option Agreements”), the Products will consist of up to ten (10) consecutive standard option terms of twelve (12) months each, with all standard Put Options exercisable four months prior to the commencement of the twelve month option term and all Call and Put-Back options exercisable three months prior to the commencement of the option term. With respect to Put Options, a Proposer may bid a single option premium payment to MTC payable at commercial operation of the Eligible Facility or may bid a stream of monthly payments that are either fixed or are set on a \$/MWh basis.

In the event of any sale to a party other than MTC of RECs covered by an Option Contract with MTC, the seller will be required to notify MTC and to waive the related Put Option with MTC (this would not apply to a Price Collar Contract). In the event of a contract for the sale to a third party, for a term equal to five or more consecutive years, of RECs covered by an Option Contract with MTC, MTC will waive, or in the case of a

single option premium payable at commercial operation, make a pro rata reduction or refund of, the associated option premiums. Sales of RECs covered by Price Collar Contracts will be permitted only with MTC's prior written consent.

In addition, Proposers can submit Proposals that do not include the offered Products or involve variations on the offered Products which they believe would achieve MTC's objectives. MTC, however, strongly prefers that Proposers utilize the offered Products. It is MTC's view that use of the offered Products on standard terms will expedite and simplify the evaluation and contract negotiation process, thereby reducing costs for all parties.

1.7 Limitations on Proposals

There will be several limitations regarding commitments MTC is willing to make. First, MTC will limit its collective commitments under this Solicitation such that MTC's Present Value Total Exposure will not exceed \$20 million. Present Value Total Exposure is the amount which, if set aside on or about December 31, 2003, and invested at the rate then expected to be earned on funds placed in an escrow until spent would be sufficient to pay the maximum amount MTC could pay for the projected output of RECs (allowing no credit for the market value of RECs) minus any applicable option premium income.

Second, MTC will limit its commitments hereunder such that the maximum amount MTC could pay for RECs minus any applicable option premium income to MTC ("Nominal Total Exposure") does not exceed \$30 million.

Third, the limit on the maximum term of any commitment to purchase RECs under a contract is 10 years.

Fourth, MTC will not under any circumstances pay for RECs resulting from energy produced after December 31, 2021.

Finally, there will be life-of-contract, mid-term and annual limitations on the number of RECs that MTC would be required to purchase under each Product Agreement. The "Life-of-Contract Limitation" will be equal to the product of (a) the average annual number of RECs that are projected to be produced by an Eligible Facility for which MTC has an obligation to purchase ("MTC Annual Projected RECs") and (b) the number of years that MTC is required to purchase RECs (the "Delivery Term"). For non-intermittent Eligible Facilities (e.g., landfill gas and biomass), MTC will not be obligated to purchase more than one hundred ten percent (110%) of MTC Annual Projected RECs during any contract year. For intermittent Eligible Facilities (wind energy, a qualifying hydro-electric, and solar photovoltaic or solar thermal electric energy), MTC will not be obligated to purchase more than one hundred twenty five percent (125%) of MTC Annual Projected RECs during any contract year. For the first half of the Delivery Term, MTC will not be obligated to purchase more than one-half of the Life-of-Contract Limitation on MTC's REC purchase obligation. If a Proposer expects substantial variation in the

annual output of the Eligible Facility that is the subject of a Proposal, the Proposer may, in lieu of a projection of a single average annual production level for the Eligible Facility, include a schedule of annual production levels specific to particular contract years for which MTC has an obligation to purchase. In the case of a Proposal that includes a projection of a series of annual production levels specific to particular contract years, the Life-of-Contract Limitation will be the sum of the individual MTC Annual Projected RECs and, in the case of non-intermittent Eligible Facilities, MTC will not be obligated to purchase more than one hundred ten percent (110%) of the MTC Annual Projected RECs for each contract year for which a specific projection is provided (one hundred twenty five percent (125%) in the case of intermittent Eligible Resources) and it will not be obligated to purchase during the first half of the Delivery Term more than the sum of the first half of the individual MTC Annual Projected RECs.

1.8 RET Ratepayer Benefit Requirement

MTC requires that winning Proposers commit to sell or use, directly or indirectly, RECs from an Eligible Project to benefit RET Ratepayers in amounts commensurate with MTC's commitment to purchase RECs from a project. "RET Ratepayer Benefit" means (i) the sale of RECs from the Eligible Facility to MTC, (ii) sale or use of RECs for ultimate sale to or use by Massachusetts Retail Electricity Suppliers, as defined in 225 CMR 14.02, to meet the requirements of the Massachusetts RPS, and/or (iii) sale of RECs, directly or indirectly, to end-use customers attributable to facilities owned or leased by such customers that are located in areas where retail electric customers are required to pay the charge mandated by G.L. c. 25, § 20 to fund the RET.

Because sales of RECs to MTC are deemed to satisfy the RET Ratepayer Benefit Requirement, the RET Ratepayer Benefit Requirement is satisfied without further obligation in the case of REC Purchase Contracts and of REC Option Agreements for those option terms where the exercise of any Put Option or Call Option results in sales of RECs to MTC.

With respect to REC Option Agreements, during each option term in which the Put Option or Call Option is not exercised, the RET Ratepayer Benefit Requirement requires that the number of RECs sold or used for RET Ratepayer Benefit must at least equal MTC's proportional obligation of the Eligible Facility's actual output of RECs for the period of that option term. **The details associated with compliance with the RET Ratepayer Benefit Requirement are set forth in Appendix B hereto.**

1.9 Proposal Submittal Requirements

Proposals must be received by MTC by 3:00 PM on the proposal due date shown on the schedule in Section 2.1. All Proposals must be prepared and submitted in accordance with the procedures specified in this Solicitation. This process is intended to provide an orderly, consistent, and fair evaluation process. Proposers are required to respond to all

questions and information requested in this Solicitation and in the Proposal Form. Items which are inapplicable to a specific bidder or type of project must be clearly marked N/A. Where a Generator and a Purchaser are co-proposers, the Generator may submit part of the response to MTC separately from the response of the Purchaser to the extent the information provided is deemed to be of a confidential and sensitive nature; provided, the portions comprising the response must be complete. In regard to the provision of information to MTC, Proposers should pay special attention to the statement in Section 1.10 regarding the Massachusetts Public Records Law as well as the statement of MTC's Policy and Procedures Regarding Submission of "Sensitive Information" that is included as Form D in Appendix A hereto.

Proposals must remain valid for a period of sixteen (16) weeks from the proposal due date. Unilateral changes to a proposal once submitted will subject the Proposer(s) to disqualification.

Proposers are allowed to submit a base commercial Proposal and two alternative commercial Proposals as part of a single application with respect to the same Eligible Facility. The alternative Proposals could include different pricing mechanisms and/or terms for the same Product or pricing proposals for different Products. Proposers are also allowed to include a combination of more than one Product in any single commercial proposal. For example, a Proposer could propose a REC Purchase Contract for 50% of the output of an Eligible Facility and a Price Collar Contract for the remaining 50% of the output.

1.10 Massachusetts Public Records Law

As a public entity, MTC is subject to the Massachusetts Public Records Law and thus documents and other materials made or received by MTC and its employees are subject to public disclosure. All information received by MTC in response to this Solicitation shall be deemed to be subject to public disclosure, except as otherwise provided in the procedures set forth in Form D included in Appendix A hereto. **By submitting a signed Proposal Certification Form as set forth in Form C of this Solicitation, respondent acknowledges, understands and agrees that the procedures set forth in Form D included in Appendix A hereto are applicable to any documents submitted by it to MTC, including but not limited to any acknowledgements set forth therein, and that respondent shall be bound by these procedures.**

1.11 Description of the Massachusetts Technology Collaborative

Massachusetts Technology Park Corporation, d/b/a the Massachusetts Technology Collaborative (MTC), is an independent economic development agency chartered by the Commonwealth of Massachusetts to serve as a catalyst for growing the state's innovation economy. MTC's objective is to energize emerging markets in the high-tech and renewable energy sectors by filling gaps in the marketplace, connecting key stakeholders,

conducting critical economic analysis, and providing access to intellectual and financial capital.

MTC administers the Commonwealth's Renewable Energy Trust Fund to help build a sustainable, competitive market for renewable energy in the Commonwealth. The Trust was created by the Electric Utility Restructuring Act of 1997. MTC's legislative mandate is to increase the supply of and demand for green power while expanding economic activity in the state's renewable energy industry.

For additional information about MTC and its programs and initiatives, please visit our website at www.masstech.org.

1.12 Official Contact

All inquiries regarding this Solicitation must be made pursuant to the procedures set forth in Section 2.3. No interpretation, revision, or other communications regarding this Solicitation is valid unless it is provided in writing and signed by a duly authorized representative of MTC. All Proposals must be submitted to the official contact listed below. All communications must reference the Solicitation Number listed on the cover and first page of this Solicitation.

Official Contact:

Nils Bolgen, Project Manager
Massachusetts Technology Collaborative
Renewable Energy Trust
75 North Drive
Westborough, Mass 01581-3340
Tel: (508) 870-0312
Fax: (508) 898-9226
Email: mgpp@masstech.org.

Section 2 Bidding Process

This section presents an overview of the bidding process and discusses the deadlines, requirements, and deliverables at various stages of the process.

2.1 Solicitation Schedule

The schedule for the Solicitation process is presented below. All Proposers that have filed a Notice of Intent to Bid will be notified of any changes in these dates.

Standard Contracts Made Available	June 6, 2003
Bidders Conference	June 18, 2003
Notice of Intent to Bid Due	June 23, 2003
Questions to MTC Due	June 30, 2003
Responses from MTC	July 23, 2003
Bidders Conference (if requested)	August 7, 2003
Proposals Due	September 10, 2003

MTC anticipates that it will complete its evaluations and announce the Proposals it has selected for contract negotiations before the end of October, 2003 and that it will complete contract negotiations with most, if not all, Proposers before the end of December, 2003. MTC reserves the right to extend the periods for Proposal selection and completion of contract negotiations as circumstances make necessary.

2.2 Bidders Conference

MTC will conduct a Bidders Conference on June 18, 2003 beginning at 1:00 p.m. to review the Solicitation process and to answer questions concerning this Solicitation. All parties interested in attending the Bidders Conference are required to register by calling or emailing the Official Contact listed in Section 1.10. The Bidders Conference will be held at MTC's offices located at 75 North Drive, Westborough, Massachusetts. MTC encourages prospective Proposers to submit questions pursuant to Section 2.3 prior to the date of the Bidders Conference. If requested by a significant number of potential Proposers, MTC may hold a second Bidders Conference on August 7, 2003. MTC may also elect to conduct Bidders Conference Calls in addition to Bidders Conferences. Within 10 days of any Bidders Conference or Bidders Conference Call, MTC will post a link on its web page to an electronic version of a transcript of the conference.

2.3 On-Line Posting of Responses to Proposer Questions

Any questions concerning this Solicitation must be submitted to MTC via e-mail at mgpp@masstech.org. **Proposers please note that this is the exclusive method for handing questions about the Solicitation.** Telephone or letter inquiries shall be

directed to the e-mail address set forth above. MTC shall provide a link on its website (www.masstech.org) to a listing of all questions and responses, and Proposers are encouraged to visit the website frequently for updates to the questions and answers. Any and all questions regarding this Solicitation are required to be submitted to MTC on or by June 30, 2003, and a final listing of all questions and answers shall be posted on MTC's website on or by July 23, 2003. MTC shall respond to all questions submitted by any person that has timely delivered to MTC a Notice of Intent to Bid. The questions and answers shall delete any references to the entities that posed the questions. Finally, MTC will provide responses regarding interpretations of this Solicitation but will not address questions specific to individual projects or bidding strategy.

Proposers should review MTC's policy and procedures for submission of sensitive information (set forth in Form D) before submitting questions regarding this Solicitation.

2.4 Notice of Intent to Bid

All potential Proposers should submit the Notice of Intent to Bid Form included as Form B of Appendix A to this Solicitation document to the Official Contact by the date shown in Section 2.1. Submission of the Form does not obligate the prospective Bidder to submit a Proposal. Failure to meet the deadline for submitting a Notice of Intent to Bid Form will not disqualify a Bidder. However, only questions from those Proposers who submit a Notice of Intent to Bid by the date indicated above will be considered for a response by MTC.

2.5 Description of the Evaluation Process

MTC proposes to undertake a multi-stage evaluation process designed to result in contracts with respect to Eligible Facilities which provide maximum value to MTC, as described herein.

In Stage 1 of the evaluation process, MTC will evaluate all Proposals to determine satisfaction of the Proposal Content Requirements described in Section 4.3. The Proposal Content Requirements are minimum requirements that all bids are required to meet to be eligible for evaluation. MTC reserves the right to reject Proposals that do not meet the established Proposal Content Requirements.

All Proposals that meet the Proposal Content Requirements will be eligible for the Stage 2 Economic and Non-Economic Evaluation. The Economic Evaluation will consist of an evaluation of bids on the basis of four criteria described in Section 4.4 herein (Economic and Technical Evaluation Criteria).

The Non-Economic Evaluation will consist of an evaluation of bids based on technical criteria associated with project attributes and the extent to which the bid meets MTC stated preferences. MTC is particularly interested in Proposals that can demonstrate a

highly likelihood of reaching commercial operation on the proposed schedule. Projects that are further along in the development process will be evaluated more favorably.

There are also several other aspects of the Non-Economic Evaluation:

- Whether the Proposer offers to provide the preferred security at the time of execution of a Product Agreement regarding the ability of the Generator to satisfy project milestones and supplemental security concerning its obligations during commercial operation of the Eligible Facility.
- The amount of credit support sought by the Proposer from MTC at the time of execution of a Product Agreement.

MTC's Non-Economic evaluation criteria are more specifically described in Section 4.4 (Economic and Technical Evaluation Criteria).

In Stage 2, Proposals will be evaluated vis-à-vis other Proposals, both those requesting the same type of Product and those requesting different types of Products. The best Proposals will then be reviewed in a Stage 3 analysis.

In Stage 3, Proposals will be evaluated on the basis of their contribution to an overall portfolio of preferred Proposals that, subject to the limitations on the Maximum Present Value Total Exposure and the Nominal Total Exposure to MTC described in this Solicitation, provide the greatest value to MTC in terms of (a) the extent of renewable energy resources that are (b) likely to be made available in a timely fashion (c) at the lowest cost and with the greatest value to MTC and which (d) advance MTC's interest in project and technology diversity.

Proposals that are deemed to be part of the best portfolio from an economic and non-economic perspective will be selected for contract negotiations.

MTC will make available to potential Proposers standard contracts for each of the applicable Products as appendices to this Solicitation by June 6, 2003. Subsequently, MTC will make available a form of escrow agreement that provides security in support of MTC's obligations. Proposers are encouraged to review each applicable standard contract carefully. The purpose of the standard contracts is to focus the contract negotiation process on specific exceptions and counter proposals made by a Proposer and, thereby, expedite the contract negotiation process. Proposers are required to specify any exceptions to an applicable standard Contract and to make any suggested counterproposal with their bid; Proposers will be deemed to have accepted any terms of an applicable standard contract to the extent that the Proposer does not identify specific exceptions to those terms or does not make any specific counterproposal. Proposals with minimal or no exceptions to an applicable standard contract are preferred. MTC's objective is to complete contract negotiations with selected Proposers within six weeks after a winning bidder is selected. MTC reserves the right to reject any bid that does not meet this schedule and proceed with negotiations with other Proposers.

MTC reserves the right to consider at any stage of its evaluation of Proposals such other relevant factors as it deems appropriate in order to identify the portfolio of contracts that provide the greatest value to MTC. MTC may or may not seek additional information from Proposers prior to making its decisions.

MTC reserves the right to select additional projects as back-up in case contract negotiations with other projects fail.

MTC reserves the right to reject all Proposals if they are not determined to be in the best interest of MTC or electric consumers in Massachusetts.

Finally, MTC reserves the right to amend this Solicitation at any time prior to seven days before the date Proposals are due.

MTC may exercise any and all of the rights it has reserved herein at its sole discretion.

Section 3

Instructions to Proposers

3.1 General Instructions

Proposers are required to follow all the instructions outlined in this Solicitation Document. In submitting a Proposal, it is important that complete documentation is provided, that all exhibits and attachments are clearly marked and identified and that the Proposal is well organized. In regard to the provision of information to MTC, Proposers should pay special attention to the statement in Section 1.10 regarding the Massachusetts Public Records Law as well as the statement of MTC's Policy and Procedures Regarding Submission of "Sensitive Information" that is included as Form D in Appendix A hereto.

3.2 Specific Instructions

There are a number of requirements and notices which Proposers should be aware of in the process of completing their Proposals.

- i. All Proposals must be submitted by 3:00 p.m. on September 10, 2003.
- ii. Proposers must submit a Proposal application fee of \$250 per project.
- iii. Projects are defined by individual sites and technologies. Proposers who propose a different site or technology will be required to submit an application fee of \$250 per project.
- iv. Proposers are allowed to submit a base Proposal and two alternative Proposals. Alternative Proposals will be limited to different pricing mechanisms or terms or different Products for the same Eligible Facility.
- v. All Proposals must be sent to the Official Contact listed in Section 1.12 of this Solicitation.
- vi. All questions regarding this Solicitation must be sent by e-mail as set forth in Section 2.3 of this Solicitation.
- vii. All Proposals must be signed by an authorized representative of the Proposer on the Proposal Certification Form.
- viii. Proposers must submit one (1) bound original, five (5) bound copies and one unbound copy of the Proposal (three ring binders will not be accepted).
- ix. Proposers must agree to keep their bid pricing and terms open for a period of 16 weeks from the time the Proposal is submitted.

- x. All Proposals shall become the property of MTC.

3.3 Organization of the Proposals

Proposers are required to complete all sections of the Proposal Form (Appendix A, Form C). In the Proposal Form, MTC has provided specific questions and forms designed to obtain the information required. Proposers should list all questions, provide responses and complete all forms included in the Proposal Form. Items that are not applicable to a specific Proposer or type of project must be clearly marked "N/A."

The Proposal Content Requirements specified in Section 4.3 herein identify information that is also requested in the Proposal Form. By adequately answering the questions in the Proposal Form, Proposers will provide the information required to satisfy the Proposal Content Requirements as well as the information MTC needs to evaluate the Proposal relative to the Economic and Non-Economic Evaluation Criteria set forth in Section 4.4 herein.

Section 4 Proposal Requirements

4.1 General Requirements

To be eligible, each Proposal must satisfy the Eligibility Requirements and the Proposal Content Requirements identified in this Section and in other sections of this document unless the Proposer demonstrates in its Proposal that these requirements are not applicable to its specific proposal. MTC reserves the right to reject a proposal if, in MTC's sole judgment, a Proposal fails to meet one or more of the applicable Eligibility Requirements or Proposal Content Requirements.

4.2 Eligibility Requirements

In addition to the requirements identified in Section 1, all Proposals must meet the following Eligibility Requirements:

- The Proposal must comply with the Specific Instructions enumerated in Section 3.2.
- The Proposal must be complete, meet the Proposal Content Requirements enumerated in Section 4.3, and otherwise be responsive to the requirements of this Solicitation.
- The Proposal must demonstrate the ability to achieve commercial operation not later than December 31, 2005.
- The limit on the term of any Product Agreement is 10 years from the first date upon which MTC has or could have an obligation to purchase RECs.
- All Proposals must be organized according to the instructions provided in this Solicitation.
- The Proposal Submittal Fee must be included with the Proposal.

4.3 Proposal Content Requirements

Proposal Content Requirements are minimum requirements that every Proposal will be required to meet to be eligible for evaluation. The application of Proposal Content Requirements is designed to screen-out incomplete or unreasonable Proposals and to place all Proposals on an equivalent basis for evaluation purposes. Proposers are required to provide all the information requested below to be eligible for consideration.

1. Siting and Necessary Real Estate Rights
 - i. Identification of site location, including map of site
 - ii. Evidence of site control; at a minimum, a letter of intent to negotiate (a) a lease, or option to lease, the site for a term

necessary to assure financing of the project or (b) a purchase, or option to purchase, the site

- iii. Documentation that the site is properly zoned; if not, provide a plan to secure a zoning change or variance
- iv. Identification of any easements required for access, for transmission line interconnection and for other necessary activities and facilities
- v. Evidence of necessary easements; at a minimum, a letter (or letters) of intent to negotiate necessary easements

2. Permits, Licenses and Approvals Required

- i. Identification of all required permits and licenses and the responsible agencies, including any zoning or other local approvals
- ii. Schedule and plan for obtaining required permits, licenses and approvals
- iii. Identification of all permits, licenses and approvals already obtained

3. Description of Technology

- i. Identification of major equipment to be used
- ii. Identification of equipment manufacturer

4. Fuel Supply Plan/Energy Resource Plan

- i. Wind energy project
 - 1. Provide a summary of all collected wind data for the proposed site
 - 2. Indicate where the data was collected and its proximity to the proposed site
 - 3. Provide (a) at least one year of wind resource data, or (b) a wind resource assessment report from a qualified meteorologist, or (c) both.
 - 4. Provide a projection of annual energy production, including projections of monthly energy production, based on the wind resource data.
- ii. Landfill gas
 - 1. Provide a gas production forecast for each landfill based on the expected decay from the landfill. Provide a graph or table that illustrates the annual and monthly projection of gas flow from each landfill. If a computer model is used to project gas production, please provide a copy of model output consistent with the required information noted above.

2. Provide supporting data that illustrates the expected generation from each landfill based on the projected gas production.

iii. Biomass

1. Provide a resource assessment of available biomass fuel for the Eligible Facility and its proximity from the Eligible Facility.
2. Provide a plan for obtaining the biomass fuel, including a transportation plan.
3. Provide any contracts or letters of intent to acquire and transport the biomass fuel.
4. Demonstrate that projected energy output for the Eligible Facility is consistent with the energy supply available.

iv. Solar

1. Provide a description of the solar incidence data supporting the projected energy generation assumptions.
2. Describe the source and location of the data and the number of years of data used as the basis for the generation assumptions.
3. If the source and location of data is different from the project site, provide an engineering review of its applicability to the proposed site.

v. Other

1. Provide an assessment of the available resource and the projected production profile of the Eligible Facility.

5. Financing Plan

- i. Pro forma income and cash flow statement for the project
- ii. Cost and economic assumptions
- iii. Evidence of the requirements for project financeability (letter from a reputable financial institution, such as an investment bank, a commercial bank or a financial advisory firm, setting forth parameters for financeability or letter from Chief Financial Officer of the Proposer stating that the Proposer will provide the entire financing internally and the requirements for such financing, along with a summary of other projects financed internally)
- iv. Description of the Proposer's organizational structure from a financial and legal perspective
- v. Identify each individual or corporation that (directly or indirectly) owns or has the right to purchase five (5%) percent

or more of the outstanding equity interests of the Project Sponsor.

vi. Plan for financing pre-construction development costs.

6. Experience and Capability of Project Management Team

- i. Description of project team
- ii. Description of experience with development of similar projects

7. Marketing Plan

- i. Provide a marketing plan which describes the Proposer's plan for contracting for the sale of Commodity Energy and RECs
- ii. Describe any contracts for the sale of Commodity Energy and/or RECs
 1. Term of contract
 2. Quantities and prices
 3. Counter parties

8. Interconnection Plan

Provide a map showing the point of interconnection with the transmission or distribution system. Describe plan for interconnection, including all applicable studies, schedule, costs, and any expected issues.

4.4 Economic and Non-Economic Evaluation Criteria

Proposals that meet the Proposal Content Requirements will be subject to a detailed economic and technical evaluation. The evaluation criteria listed in this section will be the basis on which Proposals will be considered and evaluated. The analysis includes a range of categories that will be considered in the evaluation process. The Proposal Form identifies all the information that Proposers are required to provide to enable MTC to properly evaluate their Proposals.

1. Economic Criteria

The economic criteria that MTC will use to evaluate the value of bids are as follows: (1) the net present value of the expected economic benefit or cost of the proposed transaction to MTC; (2) the Present Value Total Exposure to MTC associated with the proposed transaction (i.e., the amount which if set aside by MTC on December 31, 2003, and invested at the rate then expected to be earned on funds placed in an escrow until spent would be sufficient to pay the maximum amount MTC could pay for RECs minus any applicable option premium payments to MTC); (3) the relative ease for MTC to sell or assign its obligations and rights under the proposed transaction to a third party, to permit MTC to utilize funds committed to the proposed transaction for other purposes; and (4) the extent to which the proposed transaction will contribute to the creation of new renewable energy production relative to the first two criteria.

In evaluating REC Purchase Contracts, MTC will also make its assessments on the basis of its view of the REC forward price market. Options will be evaluated based on standard option valuation models. Various option Proposals will be compared to each other. In evaluating the relative ease for MTC to sell or assign its obligations and rights under the proposed transaction, MTC will consider the type of the transaction (REC Purchase Contracts are expected to be easier to sell/assign than REC Option Agreements) and the term of the contract, including the start date of the contract (longer term contracts, especially those that start several years after a project's commercial operation date are expected to be more difficult to sell/assign, at least for a number of years, than shorter term contracts). In its evaluation, MTC, at its discretion, will consider the value of smaller projects that would impose low exposures on MTC, even where unit costs might be higher than for larger projects.

2. Non-Economic Criteria

MTC prefers Proposals that can demonstrate a high likelihood of reaching commercial operation no later than December 31, 2005. MTC will evaluate Proposals most highly where development of the Eligible Facility is reasonably mature, contracts for the sale of Commodity Energy and RECs have been entered into that are sufficient to support financing of the project if MTC enters into a contract in accordance with the Proposal, and financing and construction of the Project is highly likely. In terms of project viability and development maturity, MTC prefers Proposals in which the Proposer can:

- i. Demonstrate contractual control over the project site (by means of lease, purchase or option), including any necessary easements and rights-of-way, regardless of whether they are on-site or off-site
- ii. Demonstrate an ability to meet, and likelihood of meeting, the proposed commercial operation date
- iii. Demonstrate the likelihood of securing all the necessary permits, licenses and approvals on a reasonably expeditious basis
- iv. Demonstrate the project is financially sound and can achieve its financing requirements based on the Proposal to MTC and existing or imminently attainable sales contracts for Commodity Energy and/or RECs with creditworthy parties other than MTC (such parties may include end-use customers)
- v. Demonstrate substantial and relevant experience in developing and operating projects of similar technology and size
- vi. Demonstrate that the availability of the energy resource is adequate to produce the level of output specified
- vii. Demonstrate that the technology proposed is reliable, commercially available, and mature
- viii. Demonstrate the ability to interconnect to the utility grid in a timely manner and at reasonable cost
- ix. Demonstrates community acceptance of the project or a reasonable plan to achieve community acceptance

- x. Presents a reasonable operations and maintenance plan with adequate funding and resources to maintain project operations
- xi. Demonstrates that the project will have minimal environmental impact.

MTC also has several preferences regarding credit support and security. MTC prefers Proposals in which the Proposer or Generator will provide adequate credit support or security to MTC at the time of contract execution to support an obligation to pay liquidated damages to MTC in the event the project does not timely achieve a specified commercial operation date. All Proposals must contain milestone dates for commercial operation and other key development milestones as set forth in the Proposal Form; the failure to meet these milestones will subject a Proposer to termination of its contract with MTC. MTC is also offering to Proposers an alternative milestone security arrangement (which MTC will evaluate less favorably) in which milestone security needs only to be provided to the extent needed to extend milestone dates.

MTC prefers Proposals in which the Proposer will provide a guarantee from a company with an investment grade credit rating or other credit enhancements to support the Proposer's obligations under a Product Agreement following commercial operation of the Eligible Facility. MTC is not seeking special terms and conditions, but would prefer the benefit of those terms and conditions that the Proposer normally provides in the ordinary course of business for approximately comparable transactions.

In support of its obligations, MTC will provide security through an escrow agreement with a financial institution. Upon contract execution, MTC will, if requested by the Proposer, place an amount in the escrow account equal to an amount that, earning the expected rate of interest on the initial amount, would cover 100 percent of MTC's maximum potential obligations under the pertinent Product Agreement. However, MTC prefers Proposals in which less than 100 percent of MTC's maximum obligations are required to be escrowed upon execution of a Product Agreement; lower initial deposit percentages are more favored.

Appendix A Application Forms

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Form A: Bidders Conference Registration Form

Form B: Notice of Intent to Bid Form

Form C: Proposal Form

1. Proposal Certification Form
2. Proposal Summary/Contact Information
3. Pricing and Quantity Information
4. Milestones and Security
5. Siting
6. Permits, Licenses, and Approvals; Environmental
7. Technology/Operations/Schedule
8. Fuel Supply Plan/Energy Resource Plan
9. Financing Plan/Legal
10. Project Management/Experience
11. Marketing Plan
12. Interconnection
13. Project schedule

Bidders Conference Registration Form

An initial Bidders Conference will be held for potential Proposers and interested parties on June 18, 2003 beginning at 1:00 pm at Massachusetts Technology Collaborative offices located at 75 North Drive, in Westborough, Massachusetts.

Proposers are requested to submit this form in advance of the conference to:

Nils Bolgen, Project Manager
Massachusetts Technology Collaborative
Renewable Energy Trust
75 North Drive
Westborough, MA 01581-3340
Tel: (508) 870-0312
Fax: (508) 898-9226
Email: mgpp@masstech.org

Please indicate the name of the primary company representative attending the Bidders Conference

Name: _____

Company: _____

Mailing Address: _____

Phone: _____

Fax: _____

We plan to send _____ representatives (as listed below) to the Bidders Conference.

Notice of Intent to Bid Form

All potential Proposers are requested to submit a Notice of Intent to Bid Form to the Massachusetts Technology Collaborative contact identified below by June 23, 2003. Only those Proposers that submit a Notice of Intent to Bid Form will be placed on MTC's mailing list for responses to questions and any revisions to this Solicitation.

Return to:

Nils Bolgen, Project Manager
Massachusetts Technology Collaborative
Renewable Energy Trust
75 North Drive
Westborough, Mass. 01581-3340
Tel: (508) 870-0312
Fax: (508) 898-9226
Email: mgpp@masstech.org

Proposed Bidder: _____

Company: _____

Mailing Address: _____

Telephone: _____

Facsimile: _____

Contact Name: _____

Contact Title: _____

Signature: _____

Proposed Technology: _____

Project Location: _____

FORM C—PROPOSAL FORM

1. Proposal Certification Form

Authorized Proposer's Signature and Acceptance Form

The undersigned is a duly authorized representative of the Proposer listed below. The Proposer has read and understands the Solicitation requirements. The undersigned acknowledges that all of the terms and conditions of this Solicitation are mandatory. The Proposer specifically acknowledges the application of the procedures regarding disclosure of sensitive information identified in Section 1.10 of this Solicitation and as set forth in the statement of MTC's Policy and Procedures Regarding Submission of "Sensitive Information" that is included as Form D of Appendix A hereto, and specifically agrees that it shall be bound by those procedures.

I certify that the statements made in this application, including all attachments and exhibits, are true and correct to the best of my knowledge.

I further certify that the prices, terms and conditions of this Proposal are valid through _____.

(Proposals are to remain valid a minimum of 16 weeks from the date the Proposal is due)

Submitted by:

(Exact legal name of Company)

Proposer

(if different than above)

Signature of Certifying
Officer of Proposer

Print or type name of
Officer

Title:

Date Signed:

2. Proposal Summary/Contact Information

Project Name: _____

Proposed In-Service Date: _____

Proposer Name: _____

Role of Proposer: _____ Generator

_____ Purchaser

Project Location: _____

City or Town: _____

State: _____

Project Contact:

Name: _____

Address: _____

Phone Number: _____

Email Address: _____

Facsimile Number: _____

Gross and Net Capability
Of the Facility (kW):

Gross: _____

Net: _____

Projected Annual Output (MWh): _____

Projected Capacity Factor (%): _____

Term of Requested Product:
Agreement _____

Technology (Wind, landfill gas,
Solar photovoltaics, hydro, etc.) _____

3. Pricing and Quantity Information

Proposers are required to provide a pricing schedule for the Product or Products bid. For all bids, Proposers should specify the quantity of projected RECs that are the subject of the Proposal and the basis for the proposed quantity (e.g., 100% of project output) and the term of the proposed contract (e.g., six year-term commencing four years after project commercial operation). To the extent that annual MWh/REC production for the Eligible Facility or the MTC Entitlement percentage is expected to vary by year, Proposers should provide the specific contract year quantities/percentages. Fixed prices are encouraged; formulaic pricing (e.g., prices indexed to the gross domestic product implicit price deflator) is allowed but not encouraged.

REC Purchase Contract

Under a REC Purchase Contract, MTC has the right and obligation to purchase RECs from the Proposer and the Proposer has the right and obligation to sell RECs to MTC at a specified price for designated RECs over the proposed contract term. Proposers who bid on this Product should complete the schedule below.

Projected Date of Project Commercial Operation ("CO Date"):

Commencement Date of REC Purchase Contract: ____ Months After CO Date

Term of REC Purchase Contract: ____ Years

Note: a "Contract Year" is a 12-month period; the first Contract Year begins at the commencement of the REC Purchase Contract.

Estimated Annual MWh (REC) Production for Eligible Facility: _____

MTC Entitlement to RECs -- __ percent (fill in below)

Estimated Annual MTC Entitlement to RECs -- _____ (fill in below)

Contract Year	% Entitlement to REC	Est. RECs/yr to MTC	Price—\$/REC
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Put Option

A Put Option provides the Proposer with the right but not the obligation to sell designated RECs from an Eligible Facility to MTC during one or more option terms at a specified price (Strike Price) by providing notice to MTC by a certain date (the exercise date). In consideration for MTC selling Put Options to the Proposer, the Proposer will pay MTC an option premium at commercial operation of the Eligible Facility or on a monthly or per MWh basis during the term of the Put Option contract. Unless otherwise specified, option terms will be for twelve-month periods and the exercise date shall be four months prior to the beginning of the option term. Exercise dates of less than three months prior to the beginning of an option term will not be accepted. Option terms of less than twelve months will not be accepted.

Projected Date of Project Commercial Operation (“CO Date”):

Commencement Date of Put Option Contract: ____ Months After CO Date

Term of Put Option Contract(s): ____ Years—one-year terms are standard

Number of Put Option Contract(s): ____

Option Premium (fill in one or more of the following):

Payment at Commercial Operation: \$ ____

Payment during Option Term: \$ ____ /month

Payment during Option Term: \$/MWh (\$/REC) (see below)

Exercise date: ____ months prior to the commencement of each Option Term

Estimated Annual MWh (REC) Production for Eligible Facility: _____

MTC Put Obligation Percentage -- __ percent

Estimated Annual MTC Put Obligation in RECs/year -- _____ (fill in below)

Contract Year	Option Premium	Strike Price	Quantity
	\$/REC	\$/REC	RECs/Year
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Put-back Option

A Put-Back Option is a variant of an Option Contract. With a Put-Back Option, MTC would have the right, within one month after the date for Proposer to exercise a Put Option to put RECs back to the Proposer at a strike price lower than the Put Option Strike Price for the upcoming option term. The only option premium paid for a Put-Back Option is the premium paid by Proposer. The Put-Back Option is simply one put option at a lower strike price exercisable by MTC following a Put Option at a higher Strike Price that is exercised by Proposer. The effect of a Put-Back Option from MTC's perspective is to reduce MTC's exposure relative to a standard Put Option, other things being equal.

Projected Date of Project Commercial Operation ("CO Date"): _____

Commencement Date of Putback Option Contract: ____ Months After CO Date

Term of Putback Option Contract(s): ____ Years—one-year terms are standard

Number of Putback Option Contract(s): ____

Option Premium (fill in one or more of the following):

Payment at Commercial Operation: \$ _____

Payment during Option Term: \$ _____/month
 Payment during Option Term: \$/MWh (\$/REC) (see below)

Exercise date of Put Option: ____ months prior to the commencement of each Option Term

Exercise date of Putback Option: ____ months prior to the commencement of each Option Term (must be at least one month after exercise date for Put Option)

Estimated Annual MWh (REC) Production for Eligible Facility: _____

MTC Obligation Percentage: ____percent

Estimated MTC Annual Obligation in RECs/year: (fill in below)

Contract Year	Option Premium \$/REC	Put Option Strike \$/REC	Putback Option Strike \$/REC	Quantity RECs/Yr
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Price Collar Contract (Put and Call Options)

A Price Collar Contract—or “zero cost” collar—is where MTC sells a Put Option at a Strike Price to a Proposer for RECs from an Eligible Facility and buys a call option for the same RECs at a higher strike price. No premiums are exchanged. The exercise date, unless otherwise specified, for the Put Option is four months prior to an option term; for the call option, is three months prior to an option term.

Projected Date of Project Commercial Operation (“CO Date”):

Commencement Date of Price Collar Contract: ____ Months After CO Date

Term of Price Collar Contract(s): ____ Years

Number of Price Collar Contract(s): ____

Exercise date for Put Option: ____ months prior to the commencement of each Option Term

Exercise date for Call Option: ____ months prior to the commencement of each Option Term

Estimated Annual MWh (REC) Production for Eligible Facility: _____

MTC Obligation/Entitlement Percentage: ____percent

Estimated MTC Annual Obligation/Entitlement in RECs/year: _____ (fill in below)

Contract Year	Put Option Strike \$/REC	Call Option Strike \$/REC	Quantity RECs/yr
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Other

Proposers wishing to make an alternative proposal designed to meet MTC's stated objectives in this Solicitation should describe its proposal in this section.

4. Milestones and Security

4.1. Milestones re Eligible Facility:

Milestone Event	Date
(1) Site control achieved (all necessary real estate agreements executed)	_____
(2) Major permits/approvals applied for	_____
(3) Commencement of construction	_____

(4) Commencement date of operations _____

4.2. Security re Milestones (Proposers must use either the Preferred or the Less Preferred Method):

Preferred Method: _____ (indicate by marking "x")

Amount of security: \$ _____

Form of security: _____ (guarantee, cash collateral, letter of credit)

Less Preferred Method: _____ (indicate by marking "x")

The methods for providing security and credit standards applicable to corporate guarantees will be specified in the standard contracts.

The amount of security required for the Preferred Method is determined by multiplying (a) the estimated capacity of the Eligible Facility in kW, (b) MTC's annual entitlement/obligation with respect to RECs produced by the Eligible Facility, (c) the estimated capacity factor of the Eligible Facility, and (d) \$7.50/kW.

The amount of security that must be posted to extend any milestone under the Less Preferred Method is calculated using the same methodology as the Preferred Method, except \$5.00/kW is used in lieu of \$7.50/kW. Under the Less Preferred Method, multiple milestones extensions will require multiple postings and, therefore, the Less Preferred Method could result in a requirement that greater amounts be posted as security than under the Preferred Methods; provided, however, that in the event of the extension of more than three milestones, the amount of security to be posted under the Less Preferred Method shall not exceed the amount to be posted using the same methodology as the Preferred Method, using \$15.00/kW in lieu of \$7.50/kW.

4.3. Optional Security in Support of Proposer's Obligations after Commercial Operation under a Product Agreement.

Corporate Guarantee-- _____ (indicate by marking "x" and provide form of guarantee)

Name of Entity Providing Guarantee-- _____
Relationship to Proposer-- _____

Credit Ratings of Guarantor-- _____ Standard & Poor's
_____ Moody's

Unlimited guarantee--_____Other
Limited guarantee--\$_____ (indicate by marking "x")

Letter of credit--_____ (indicate by marking "x")

Amount of security--\$_____

Cash collateral--_____ (indicate by marking "x")

Amount--\$_____

4.4. Security for MTC's Obligations

Percentage of MTC's Present Value Total Exposure to be funded initially
____ (indicate by marking "x")

_____ percent

Specified Dollar Amount _____ (indicate by marking "x")

\$ _____

Note: MTC will fund escrow accounts that will provide security for MTC's obligations under Product Agreements. An escrow account will be created and funded by MTC upon execution of a Product Agreement. Terms of the escrow agreement will be based on a standard contract the form of which will be provided to potential Proposers. MTC reserves the right to modify provisions in the standard escrow agreement, and will notify potential Proposers of such modifications.

5. Siting

- 5.1. Provide a map of the site that clearly identifies the location of the site, the total acreage, the interconnection point, and the relationship of the site to other local infrastructure.
- 5.2. Provide evidence that Proposer has control over the site for a period necessary to assure financing of the Eligible Facility. Provide any agreements to lease the site, options to lease the site, agreements to purchase the site, or options to purchase the site. At a minimum, provide a letter or letters of intent to negotiate such a purchase or lease of, or option as to the site.
- 5.3. Provide evidence that the site is properly zoned. If the site is not currently zoned properly, provide a plan to secure the necessary zoning changes or variances.
- 5.4. Identify any rights-of-way or easements that are required for access to the Eligible Facility or for interconnection. Describe the status of rights-of-way and easement acquisition, and describe the plan for securing the same. Provide any rights-of-way

or easement agreement that have been obtained, including, at a minimum, any letters of intent.

- 5.5. Describe whether the project has the capability for expansion at the proposed site. If so, describe the expansion capability possible.

6. Permits, Licenses, and Approvals; Environmental

- 6.1. Identify of all required permits and licenses and the responsible agencies for such permits and licenses, including any zoning or other local approvals.
- 6.2. Provide a schedule and plan for obtaining required permits, licenses and approvals.
- 6.3. Identify all permits, licenses and approvals already obtained and provide associated documentation.
- 6.4. Provide a preliminary environmental assessment of the site. The analysis should address each of the major environmental areas and sub-areas as presented below:
- 6.4.1. Site development
 - 6.4.2. Air quality
 - 6.4.3. Water resources
 - 6.4.4. Ecology
 - 6.4.5. Land use
 - 6.4.6. Cultural resources
 - 6.4.7. Previous site use
 - 6.4.8. Noise level
 - 6.4.9. Aesthetic/visual considerations
- 6.5. Identify the location of the nearest residence and the nature of any buildings within 500 feet of the site.
- 6.6. Provide documentation identifying any potential impediments to project development and the plan to mitigate the impediment
- 6.7. Provide documentation identifying the steps taken to inform the local community of the project, the level of public support for the project including letters from public officials, newspaper articles, etc., or any local opposition.

7. Technology/Operations/Schedule

- 7.1. Identify the major equipment to be used.
- 7.2. Identify the manufacturer(s) of the major equipment.
- 7.3. Provide a reasonable but preliminary engineering plan which includes the following information:
- 7.3.1. Type of generation technology
 - 7.3.2. Major equipment to be used
 - 7.3.3. Equipment vendors selected/considered
 - 7.3.4. History of equipment operations
 - 7.3.5. Equipment procurement strategy
 - 7.3.6. Provide information supplied by vendors that illustrates and discusses the proposed equipment and technology.

- 7.4. Provide operating histories and project status for any renewable energy projects the company has developed and operated. Proposers should include information about the actual availability, capacity factors, and forced outage rates of the units over the most recent three-year period.
- 7.5. Provide an operation and maintenance plan for the project that demonstrates the long-term operational viability of the proposed project. Describe the staffing levels, O&M funding mechanism, funding levels, and major maintenance schedules.

8. Fuel Supply/Energy Resource Plan

- 8.1. As identified in the Proposal Content Requirements, Proposers are required to provide a fuel supply/energy resource plan for their project, which provides MTC with the necessary information to conduct an evaluation of the project's fuel supply and transportation arrangements. The information requested is organized according to the type of project. Proposers should respond only to relevant questions.
- 8.2. Wind energy projects:
 - 8.2.1. Provide a summary of all collected wind data for the proposed site.
 - 8.2.2. Indicate where the data was collected and its proximity to the proposed site.
 - 8.2.3. Provide (a) at least one year of wind resource data, or (b) a wind resource assessment report from a qualified meteorologist, or (c) both.
 - 8.2.4. Provide a projection of gross and net annual energy production, including projections of monthly energy production, based on the wind resource data.
 - 8.2.5. Provide a site-adjusted power curve. Each curve should list the elevation, temperature and air density used.
 - 8.2.6. Specify the assumptions for losses in the calculation of projected annual energy production.
- 8.3. Landfill gas
 - 8.3.1. Provide a gas production forecast for each landfill based on the expected decay from the landfill. Provide a graph or table that illustrates the annual and monthly projection of gas flow from each landfill. If a computer model is used to project gas production, please provide a copy of model output consistent with the required information noted above.
 - 8.3.2. Provide supporting data that illustrates the expected generation from each landfill based on the projected gas production.
- 8.4. Biomass
 - 8.4.1. Provide a resource assessment of available biomass fuel for the Eligible Facility and its proximity from the Eligible Facility.
 - 8.4.2. Provide a plan for obtaining the biomass fuel, including a transportation plan. Provide any contracts or letters of intent to acquire and transport the biomass fuel. Demonstrate that projected energy output for the Eligible Facility is consistent with the energy supply available.
- 8.5. Solar
- 8.6. Provide a description of the solar incidence data supporting the projected energy generation assumptions.

- 8.7. Describe the source and location of the data and the number of years of data used as the basis for the generation assumptions.
- 8.8. If the source and location of data is different from the project site, provide an engineering review of its applicability to the proposed site.
- 8.9. Hydro and other renewable resources.
 - 8.9.1. Provide an assessment of the available resource and the projected production profile for the Eligible Facility.
 - 8.9.2. In the case of hydro, describe the project characteristics in terms of water flow (on a monthly basis) and head, and state the assumptions regarding seasonal variations, and a conversion of such flow into kilowatts and kilowatt-hours.

9. Financing Plan/Legal

- 9.1. Provide the following:
 - 9.1.1. Pro forma income and cash flow statement conforming to Generally Accepted Accounting Principles for the first 15 years of commercial operation of the Eligible Facility (include revenue and cost data by major categories, debt service, depreciation expenses and other relevant information);
 - 9.1.2. Cost and economic assumptions;
 - 9.1.3. Evidence of the requirements for project financeability (letter from a reputable financial institution, such as an investment bank, a commercial bank or a financial advisory firm, setting forth parameters for financeability or letter from Chief Financial Officer of the Proposer stating that the Proposer will provide the entire financing internally and the requirements for such financing, along with a summary of other projects financed internally);
 - 9.1.4. Description of the Proposer's organizational structure from a financial and legal perspective, including any general and limited partners, involvement of subsidiaries, and providers of capital.
 - 9.1.5. Identify each individual or corporation that (directly or indirectly) owns or has the right to purchase five (5%) percent or more of the outstanding equity interests of the Project Sponsor.
 - 9.1.6. Budget for pre-construction development costs with sources of funding
- 9.2. Provide a description of the financing plan for the project. Illustrate how the success of this proposal is necessary to ensure financing. The financing plan should address information contained in the pro forma, such as:
 - 9.2.1. The project's projected financial structure;
 - 9.2.2. Expected sources of debt and equity financing;
 - 9.2.3. Estimated capital cost.
- 9.3. Provide documentation illustrating the experience of the project sponsor in securing financing for projects of similar size and technology. For each project provide the following information:
 - 9.3.1. Project name and location
 - 9.3.2. Project type and size
 - 9.3.3. Date of construction and permanent financing
 - 9.3.4. Level of financing (debt/equity ratio)

- 9.4. Provide a plan to finance project development costs.
- 9.5. Provide copies of the most recent audited financial statement or annual report for each Proposer, including any companies that are affiliates of the Proposer. Also, list the current bond rating from Standard & Poor's, Moody's, and/or other nationally recognized ratings agencies for the sponsor, affiliates, and partners.

10. Project Management/Experience

- 10.1. Provide an organizational chart for the project that lists the project participants and identifies the management structure and responsibilities.
- 10.2. For each of the project participants (including the Proposer, partners, and proposed contractors), provide statements that list the specific experience of the firm, other projects of similar type, size and technology, and any evidence that the project participants have worked jointly on other projects.
- 10.3. Provide a management chart which lists the key personnel dedicated to this project and provide biographies of the key personnel.
- 10.4. Provide a listing of all projects the project sponsor has successfully developed or that are currently under construction. Provide the following information as part of the response:
 - 10.4.1. Name of the project
 - 10.4.2. Location of the project
 - 10.4.3. Project type, size and technology
 - 10.4.4. Commercial operation date
 - 10.4.5. Capacity factor of the unit for the past three years
 - 10.4.6. Availability factor of the unit for the past three years

11. Marketing Plan

- 11.1. Provide a plan for the marketing of the RECs and Commodity Energy from the Eligible Facility.
- 11.2. Describe any contracts for the sale of Commodity Energy and/or RECs entered into by the Generator. Specify the type of contract, quantities and prices, and the names of counter parties.
- 11.3. Provide a status report on any on-going activities to negotiate and execute a contract or contracts for the sale of RECs and/or Commodity Energy and any other marketing activities.

12. Interconnection

- 12.1. Identify the location of the proposed electrical interconnection point and voltage level. Provide a map showing the proposed point of interconnection.
- 12.2. Identify the status of your efforts for obtaining an interconnection agreement for the project.
- 12.3. Describe the Generator's interconnection plan which should address the basis for interconnection, all applicable studies, schedule, costs, any expected issues, and how they are planned to be addressed.

13. Project Schedule

Provide a complete schedule for the project from the notice of selection of the project to the start of commercial operations. For each project element, list the start and end date. Identify the elements on the critical path.

FORM D

THE MASSACHUSETTS TECHNOLOGY COLLABORATIVE POLICY AND PROCEDURES REGARDING SUBMISSION OF "SENSITIVE INFORMATION"

The Massachusetts Technology Collaborative and the Massachusetts Renewable Energy Trust which it administers (collectively referred to herein as "MTC") is subject to the requirements concerning disclosure of public records under the Massachusetts Public Records Act, M.G.L. c. 66 (the "Public Records Act"), which governs the retention, disposition and archiving of public records. For purposes of the Public Records Act, "public records" include all books, papers, maps, photographs, recorded tapes, financial statements, statistical tabulations, or other documentary materials or data, regardless of physical form or characteristics, made or received by MTC. As a result, any information submitted to MTC by a grant applicant, recipient grantee, respondent to a request for response (including, but not limited to an RFQ, RFP and RFI), contractor, or any other party (collectively the "Submitting Party") is subject to public disclosure as set forth in the Public Records Act.

The foregoing notwithstanding, "public records" do not include certain materials or data which fall within one of the specifically enumerated exemptions set forth in the Public Records Act or in other statutes, including MTC's enabling act, M.G.L. Chapter 40J. One such exemption that may be applicable to documents submitted by a Submitting Party is for any documentary materials or data made or received by MTC that consists of trade secrets or commercial or financial information regarding the operation of any business conducted by the Submitting Party, or regarding the competitive position of such Submitting Party in a particular field of endeavor (the "Trade Secrets Exemption").

It is MTC's expectation and belief that the overwhelming percentage of documents it receives from a Submitting Party does not contain any information that would warrant an assertion by MTC of an exemption from the Public Records Act. Submitting Parties should therefore take care in determining which documents they submit to MTC, and should assume that all documents submitted to MTC are subject to public disclosure without any prior notice to the Submitting Party and without resort to any formal public records request.

In the event that a Submitting Party wishes to submit certain documents to MTC and believes such a document or documents may be proprietary in nature and may fall within the parameters of the Trade Secrets Exemption and/or some other applicable exemption, the following procedures shall apply:

1. At the time of the Submitting Party's initial submission of documents to MTC, the Submitting Party must provide a cover letter, addressed to MTC's General Counsel, indicating that it is submitting documents which it believes are exempt from public disclosure, including a description of the specific exemption(s) that the Submitting Party contends is/are applicable to the submitted materials, a precise description of the type and magnitude of harm that would result in the event of the documents' disclosure, and a specific start date and end date within which the claimed exemption applies. If different exemptions, harms and/or dates apply to different documents, it is the Submitting Party's responsibility to provide detailed explanations for each such document.
2. At the time of the Submitting Party's initial submission of documents to MTC, the Submitting Party must also clearly and unambiguously identify each and every such document that it contends is subject to an exemption from public disclosure as "Sensitive Information." It is the Submitting Party's responsibility to ensure that all such documents are sufficiently identified as "Sensitive Information," and Submitting Party's designation must be placed in a prominent location on the face of each and every document that it contends is exempt from disclosure under the Public Records Act.

Information submitted to MTC in any form other than a hard copy document will not be subject to the procedures set forth herein. For example, information submitted by e-mail, facsimile and/or verbally

will not be subject to these procedures and may be disclosed at any time without notice to the Submitting Party.

3. Documents that are not accompanied by the written notification to MTC's General Counsel or are not properly identified by the Submitting Party as "Sensitive Information" at the time of their initial submission to MTC are presumptively subject to disclosure under the Public Records Act, and the procedures for providing the Submitting Party with notice of any formal public records request for documents, as set forth below, shall be inapplicable.
4. At the time MTC receives documents from the Submitting Party, any such documents designated by Submitting Party as "Sensitive Information" shall be segregated and stored in a secure filing area when not being utilized by appropriate MTC staff. By submitting a grant application, request for response, or any other act that involves the submission of information to MTC, the Submitting Party certifies, acknowledges and agrees that (a) MTC's receipt, segregation and storage of documents designated by Submitting Party as "Sensitive Information" does not represent a finding by MTC that such documents fall within the Trade Secrets Exemption or any other exemption to the Public Records Act, or that the documents are otherwise exempt from disclosure under the Public Records Act, and (b) MTC is not liable under any circumstances for the subsequent disclosure of any information submitted to MTC by the Submitting Party, whether or not such documents are designated as "Sensitive Information" or MTC was negligent in disclosing such documents.
5. In the event that MTC receives an inquiry or request for information submitted by a Submitting Party, MTC shall produce all responsive information without notice to the Submitting Party. In the event that the inquiry or request entails documents that the Submitting Party has previously designated as "Sensitive Information", the inquiring party shall be notified in writing that one or more of the documents it has requested has been designated by the Submitting Party as "Sensitive Information", and that a formal, written public records request must be submitted by the requesting party to MTC's General Counsel for a determination of whether the subject documents are exempt from disclosure.
6. Upon the General Counsel's receipt of a formal, written public records request for information that encompass documents previously designated by Submitting Party as "Sensitive Information", the Submitting Party shall be notified in writing of MTC's receipt of the public records request, and MTC may, but shall not be required to provide Submitting Party an opportunity to present MTC with information and/or legal arguments concerning the applicability of the Trade Secrets Exemption or some other exemption to the subject documents.
7. The General Counsel shall review the subject documents, the Public Records Act and the exemption(s) claimed by the Submitting Party in making a determination concerning their potential disclosure.

The General Counsel is the sole authority within MTC for making determinations on the applicability and/or assertion of an exemption to the Public Records Act. No employee of MTC other than the General Counsel has any authority to address issues concerning the status of "Sensitive Information" or to bind MTC in any manner concerning MTC's treatment and disclosure of such documents.

Furthermore, the potential applicability of an exemption to the disclosure of documents designated by the Submitting Party as "Sensitive Information" shall not require MTC to assert such an exemption. MTC's General Counsel retains the sole discretion and authority to assert an exemption, and he may decline to exert such an exemption if, within his discretion, the public interest is served by the disclosure of any documents submitted by the Submitting Party.

8. MTC shall provide the requesting party and Submitting Party with written notice of its determination that the subject documents are either exempt or not exempt from disclosure.

9. In the event that MTC determines that the subject documents are exempt from disclosure, the requesting party may seek review of MTC's determination before the Supervisor of Public Records, and MTC shall notify the Submitting Party in writing in the event that the requesting party pursues a review of MTC's determination.
10. In the event the requesting party pursues a review of MTC's determination that the documents are exempt from disclosure and the Supervisor of Public Records concludes that the subject documents are not exempt from disclosure and orders MTC to disclose such documents to the requester, MTC shall notify the Submitting Party in writing prior to the disclosure of any such documents, and Submitting Party may pursue injunctive relief or any other course of action in its discretion.
11. In the event that MTC determines that the subject documents are not exempt from disclosure or the General Counsel determines that, under the circumstances and in his discretion, MTC shall not assert an exemption, MTC shall notify the Submitting Party in writing prior to the disclosure of any such documents, and Submitting Party may pursue injunctive relief or any other course of action in its discretion.

The Submitting Party's submission of documentation to MTC shall require a signed certification that Submitting Party acknowledges, understands and agrees with the applicability of the foregoing procedures to any documents submitted to MTC by Submitting Party at any time, including but not limited to the acknowledgements set forth herein, and that Submitting Party shall be bound by these procedures.

All documents submitted by Submitting Party, whether designated as "Sensitive Information" or not, are not returnable to Submitting Party.

Appendix B

Compliance With RET Ratepayer Benefit Requirement

The RET Ratepayer Benefit Requirement shall be deemed to be satisfied only where: (a) the necessary number of RECs for the Eligible Facility, identified by serial number, are reported by the Administrator of the NEPOOL Generation Information System ("NEPOOL-GIS"), in a report accessible by MTC, to have been held in Massachusetts load subaccounts of Load Serving Entities subject to the RPS at the end of one or a combination of the Trading Periods associated with power produced during the option term; (b) the necessary number of RECs for the Eligible Facility, identified by serial number, are reported by the Administrator of the NEPOOL GIS, at the end of one or a combination of the Trading Periods associated with power produced during the option term, as "Reserved Certificates" and the Seller of RECs under the unexercised Put Option provides an affidavit from the transferee of such Reserved Certificates, as reported by the Administrator of the NEPOOL GIS, identifying the Reserved Certificates by serial number, and verifying (i) that the Reserved Certificates had been acquired in connection with energy use by such transferee at a Massachusetts facility; (ii) that that Massachusetts facility is located within an area where retail electric customers are required to pay a charge mandated by G.L. c. 25, § 20; and (iii) that said transferee had not further sold or otherwise transferred the Reserved Certificates; (c) a combination of RECs satisfying (a) or (b) that at least equals the necessary number of RECs for the facility.

For any option term during which the RET Ratepayer Benefit Requirement is not satisfied, for whatever reason, the Seller of RECs under an unexercised Put Option shall, within fifteen days of notice from MTC of such failure to satisfy the RET Ratepayer Benefit Requirement, pay as specified damages to MTC an amount equal to eighty percent (80%) of the product of the positive difference between the average price at which the Seller sold RECs from the eligible facility during the option term and the Strike Price of the Put Option for that option term, and the difference between the number of RECs that satisfied conditions (a), (b), and/or (c) above for the satisfaction of the RET Ratepayer Benefit Requirement during that option term and the number necessary to satisfy that Requirement.